



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

ciate as the former one. It seems to be entirely colored by the essayist's apparent acceptance of the view that the proprietor performs no economic function. He is fundamentally in error in maintaining that the English freeholder of the past performed only political duties. As a class, the freeholders were not "idle rich consumers," but hard-working directors of industry and enterprise, and as such have maintained their power for generations.

CARL C. PLEHN.

UNIVERSITY OF CALIFORNIA.

The Nature and First Principle of Taxation. By ROBERT JONES. Studies in Economics and Political Science, No. 37, of London School of Economics. London, P. S. King and Son, 1914.—xvii, 299 pp.

This book undertakes to refine the definition of a tax, and then to demonstrate that economy is the first principle of taxation. Without much attention to previous attempts to classify public revenues, the author works out, in his first chapter, the following classification (page 29) :

Taxes are compulsory payments without guarantee of "any definite measured services."

Prices are "quantitative payments for proportionally quantitative services."

Quasi-taxes are taxes with a certain additional element of price.

Something is said of "borrowings," lotteries and tribute; the last being classed as a quasi-tax, the others being assigned to the price group (pages 7, 21). There is no evidence that the author has ever undertaken to classify, under these categories, the revenues of any actual government. Perhaps this is too much to expect of an inventor of economic classifications; but if the author ever undertakes it, he will make a number of interesting discoveries.

The second chapter assembles a large number of extracts from the works of ancient and modern writers which enable the reader to trace the development of principles of taxation. The collection is interesting and useful, but Mr. Jones has not always grasped the thought of his writers. Adam Smith, for instance, did not hold that "taxes should on the whole be in proportion to incomes." His first maxim, indeed, looks in that direction; but his subsequent treatment of particular taxes shows that he believed it to be impossible practically to adjust things in that manner, and that he therefore assigned greater weight to his other canons of taxation. On page 153 Mr. Jones

observes that Smith "puts certainty before equity," but without troubling to reconcile this statement with the one on page 100.

The third chapter maintains that economy is the first principle of taxation, and sometimes comes perilously close to contending that it is the last also. Economy is interpreted broadly (page 170 ff.) so as to include the community, the individual and the government; and the principle is taken to mean that taxes should be collected "from those incomes, or parts of incomes, of least utility to the community or to the individual" (page 186). Such parts, thinks the author, are the last increments of income, and he therefore favors progression of the extreme form; "Procrustean taxation," he very properly calls it. Having reached this advanced ground, however, Mr. Jones promptly beats a retreat, as Professor Edgeworth and others have done before him when they have contemplated the ultimate effects of fiscal Procusteanism (pages 195, 213 ff.).

Mr. Jones has a poor opinion of most of the common maxims of taxation. Productivity is a barren principle; justice is of less moment than economy, and hardly concerns the economist anyhow; certainty and convenience may be good enough in their way, but neither can be a first principle. If this is to be had, we are bound to award primacy to economy. Such is the argument of the book. Detailed criticism is hardly necessary. Even Mr. Jones finally arrives at a "deeper" principle than economy—"general utility" (page 222); and the economist who will start with that principle, and wrestle with practical problems of taxation, will pretty certainly find that all of the maxims have weight, and that he cannot assign to any one of them unquestioned primacy in all cases. As Smith knew, and Wagner and Bastable have well emphasized, the duty of the financier is to "combine rightly the different elements" that enter into tax problems. Even Mr. Jones has got far enough into the subject to see that the principle of economy must be limited by various "expediciencies," one of which is the need of ensuring "the smooth working of the machinery of taxation" by considering the convenience of taxpayers, the danger of evasion, and adequacy and elasticity of revenue (page 214).

A word should be said about the interesting preface contributed by Mr. Sidney Webb. This suggests that it is "time that some one made a stand for the positive advantages of taxation." In his view there are few taxes, if any, in the United Kingdom that would be "worth abolishing, even if their revenue were not required." He is of the opinion that the public revenues are upon the whole better spent than private revenues, and that to reduce taxation would be to encourage

wasteful private expenditure in "riotous living that impairs our health, in foolish extravagancies that actually lessen our aggregate enjoyment" etc. What is really needed is "a progressive transfer of more and more of the national income from individual to collective channels." But has the progressive increase of taxation ever yet diminished riotous living and has it not for some years past caused progressive emigration of capital from both Great Britain and France? He would be a bold man who should answer the first question in the affirmative, and there are American, Swiss, and Canadian financiers who know that the second question cannot be answered in the negative.

C. J. BULLOCK.

HARVARD UNIVERSITY.

Principles of Economics. By N. G. PIERSON. Translated from the Dutch by A. A. Wotzel. London and New York, The Macmillan Company, 1902, 1912.—Two volumes, xxx, 604 ; xxiii, 644 pp.

These volumes, by the scholarly prime minister of Holland (now deceased), appeared in Dutch in 1896 and 1902. The lapse of ten years between the translations of the first and second volumes has prevented most reviewers from undertaking a consideration of the work as a whole, and the present reviewer will therefore deal with both volumes, calling attention, however, to the fuller review of volume i which appeared in this *QUARTERLY* (volume xviii, page 706), by Professor Seager. The translation has been approved by competent critics as a faithful rendering of the original, and the reviewer has found the English version on the whole animated and clear.

Pierson's *Principles* is useful as an addition to English economic literature, first of all, as presenting the continental point of view in economics—America and England do not occupy the foreground or supply the main problems or illustrations. The work will supplant the one volume translations of Gide in performing this service for American students. This is no slight matter. It must be said, however, that the doctrinal sympathies of the author are English rather than continental.

But the main value of the work rests on no such special consideration as this. Pierson is a great practical statesman who is willing to let theory guide his practice, and whose wide scholarship, clear thinking, and practical wisdom have produced a book of permanent significance. His contributions to pure theory are not important. His ultimate concepts are not always very clear—in fact are sometimes quite faulty. There are no striking doctrines to be associated with his name. But the book, in its detailed discussions, is marvellously sane, and in its total effect is truly impressive.